

ARBITRATION TO DETERMINE
THE 2014 STEWARD OBLIGATION FOR THE Blue Box PROGRAM

B E T W E E N:

ASSOCIATION OF MUNICIPALITIES OF ONTARIO and THE CITY OF TORONTO

Applicants

- and -

STEWARDSHIP ONTARIO

Respondent

Affidavit of Andrew Campbell, P.Eng.

Table of Contents

Introduction.....	1
Background and Experience	2
Region of York BB program.....	2
Datacall	3
Before the Cost Containment Plan.....	4
Cost Containment Plan	5
Cost bands.....	5
The Payout Model.....	6
Best Practices	7
KPMG study	9
KPMG Cost Model	10
Why Have Costs Increased?	11
Payment Containment.....	12
Continuous Improvement Fund	13
Conclusion	14

Introduction

1. My name is Andrew Campbell. I am a professional engineer registered in the Province of Ontario and the Deputy Chief Administrative Officer / Town Engineer for the Town of Innisfil, Ontario. My CV is attached.
2. I am not neutral between the parties to this arbitration because I am employed by a municipality and because I represented municipalities on MIPC. However, Innisfil does not

Affidavit of Andrew Campbell, P.Eng.

receive Blue Box (BB) funding because it is a lower tier municipality. Simcoe County provides BB services to our residents.

Background and Experience

3. I have a Bachelor of Applied Science in Civil Engineering from the University of Waterloo and an MBA from Queens University.
4. Started in waste management in 1990 at the Region of Waterloo, worked in the waste management field until 2012.
5. I was employed by municipalities in BB waste management from 1995 to 2008. During this period I was the Manager, Engineering and Programs at Waterloo Region, and from 2000-2008, Director of Waste Management at York Region.
6. From 2008-2012 I was the Director Continuous Improvement Fund (CIF) managing the program and fund distribution for improving BB programs for all municipalities in Ontario.
7. I was the Director, responsible for waste management, for the Regional Municipality of York from 2000 to 2008. Part of my duties included the Blue Box program including the program development, processing of BB material and sale of BB material. I was not responsible for collection of waste because the lower tier municipalities had this responsibility as per the Municipal Act.
8. I was involved in the Interim Waste Diversion Organization (OWDO) which developed the September 2000 report, Achieving Sustainable Municipal Waste Diversion Programs in Ontario.
9. I sat on the MIPC on AMO's behalf, from approximately June 2003 to June 2008.
10. I was a municipal representative on the project team that developed the 2007 KPMG Best Practices report. Other members of the team were seconded from the municipalities so that they could work full time on this project.
11. I was the Director of the Continuous Improvement Fund from April 2008 until June 2012, when I was succeeded by Michael Birett. I then became the Director of Infrastructure for Innisfil. I am now the Deputy Chief Administrative Officer /Town Engineer at Innisfil.

Region of York BB program

12. At York, we did everything we could to run our BB program efficiently and effectively, under challenging conditions. When I started at the Region of York the taxpayers were responsible for 100% of the costs and Council demanded we operate in a cost effective manner. This philosophy never changed even though we started to receive funding from WDO.
13. The population of the Region of York grew by 30,000 - 40, 000 people per year during the time I was employed there. It is now home to over 1 million people. It is the third largest municipality in Ontario. Although it is in the "Large Urban" cost band, there is still a portion of the municipality that is rural.

14. York Region operates a split jurisdiction BB program which shares responsibility for operation of the BB program between the Region and the nine local municipalities. The local municipalities are responsible for waste and BB collection while the Region is responsible for all other waste management programming initiatives, processing and disposal costs.
15. The local municipalities contracted out collection to the private sector. Prior to 2005, the Region used two private sector Material Recycling Facilities (MRF). In 2005, we built our own state of the art MRF and contracted out operation to the private sector. Miller Waste won the contract to design, build and operate the new MRF through a competitive process, although we only ended up with one other bid due to low response from the market. The Region contracted with the private sector for one transfer site to receive BB materials collected from the local municipalities before it was transported to the MRF; the rest was directly delivered to the MRF.
16. Prior to 2005, it was a five stream sort. After 2005 it was a two stream sort. We made this change to be more efficient and effective. We saw cost savings and increased the volume of recyclables collected and processed at a rate higher than the population growth. Residue rates at the MRF did increase from 1% to 3% as a two stream sort inherently has a higher residue rate.
17. Miller Waste was responsible for marketing the materials, but the Region had to approve the market selected for the sale to ensure that the materials were sold at a competitive price. They received a 5% share of the revenue in exchange for providing this service. Prior to the implementation of the new contract in 2005 the contractors received 10% of the revenue.
18. At the time when I was employed by the Region, York differed from the other municipalities in the Large Urban cost band as we had a smaller proportion of homes that were multi-residential (apartment buildings / condominiums).
19. I spent approximately 50% percent of my overall responsibilities in terms of time, budget and people on the BB program. I was also responsible for all waste management activities including garbage (looking for landfill space), new technologies for waste management, HHW, electronics, tires, yard waste, source separated organics and other waste diversion initiatives.
20. York Region's program, which included Markham, had one of the highest diversion rates in the province. We also had a very high participation rate. Between 2005 and 2008 we undertook a number of programs to increase diversion including new collection contracts, promotion and education initiatives, the green bin program and bag limits which are defined as best practices in the KPMG report.

Datacall

21. Like other municipal BB programs, York reported to the WDO Datacall every year the tonnage of BB materials that we diverted from landfill through our BB program, and the net costs that we incurred as a result of that program. We went to a lot of effort to make these numbers as accurate as we could.
22. The Waste Management finance staff (2 FTEs) at York reported directly to me and were responsible for preparing the Datacall each year. They were also responsible for managing

the other financial aspects of the Waste Management Branch such as contracts, billings, and accounts receivable and payable. They were knowledgeable experts in waste management accounting. One or both of them attended all of the WDO courses on how to prepare the Datacall and many of the other WDO workshops as well. On a monthly basis, they ran statistics relevant to the Datacall, such as revenue and tonnage to track the effectiveness and efficiency of the MRF and trends in material sales so that we could project our budget. At the end of each year, it took approximately 5 days to complete the Datacall

23. I would review the Datacall report to ensure that it was accurate by comparing it to previous years and monthly billings and statistics. Also, due to my knowledge from MIPC I was familiar with the Datacall process and could check that they had followed the correct reporting procedure.
24. After I was satisfied, the Treasurer would sign off and submit the Datacall to WDO.
25. The MRF contractor also reviewed the data because they were the source of the data.

Before the Cost Containment Plan

26. At the time I joined MIPC, municipal Blue Box programs across the province were preparing to report their costs through a datacall, as required by WDO.
27. Prior to the implementation of WDO's Datacall, AMO, WDO and Stewardship Ontario representatives did not have reliable data as to the costs of municipal Blue Box programs. It had never been necessary to collect this data separately. Municipalities had received some capital funding for purchasing and constructing capital assets to collect and process Blue Box materials, but there had never been a methodical effort to collect a full range of Blue Box costs.
28. In 2002/2003, I worked with Jay Stanford, who held the equivalent position for the City of London, to develop preliminary province-wide BB cost estimates. We could not collect accurate and representative information in the time available.
29. Our initial estimate, based on an extrapolation of the Ontario municipal benchmarking initiative (OMBI) which contained data regarding diversion, which was the best we could do, was 68 million dollars a year. The Ontario benchmarking municipalities was for the large urban municipalities and did not include any of the small rural or northern communities. As a result, the costs were underestimated for the small, northern and rural communities. We had extrapolated the costs for 444 municipalities from data from approximately 14 large urban municipalities. We were forced to use this data because it was the only data that we had.
30. This extrapolated number became the basis for Stewardship Ontario's (SO) original contribution of 31 million dollars. It was understood at MIPC that the 68 million dollar number was very approximate, given the source of the data, and that we would need a couple of years of experience with the Datacall which would include accurate data from all municipalities to obtain more accurate information.
31. The next year, the first year of the Datacall, the actual costs reported by municipalities were noticeably higher.

32. Stewards reacted with outrage that municipalities were “allowing” the cost to rise so much, when in fact what had happened was that we started to obtain more accurate data.
33. Stewards raised a huge fuss, complaining constantly that none of their other costs were rising at 20 percent a year and that municipalities must be wasteful and inefficient. We explained that every municipal Blue Box program is different and that it was going to take a couple of years for everyone to understand how and what to report, as individual financial reporting systems at municipalities had to change.
34. As a result of intense steward lobbying, the Minister was anxious to see stewards and municipalities do something to keep the costs from rising so quickly, even though much of the apparent rise was simply due to better data being gathered.

Cost Containment Plan

35. The Minister issued a letter in 2003 asking Waste Division Ontario to develop a Cost Containment Plan (CCP). Municipalities understood this to mean that the CCP would set out the steps to be taken by both stewards and municipalities, to control actual future costs, and to ensure that actual municipal costs were accurately calculated and reported.
36. I joined MIPC and the cost containment committee, partway through the development of the CCP and participated until the completion of the Plan in July 2004.
37. Municipalities supported the development of the CCP and supported its approval by MIPC.
38. I was one of the authors of the final version of the CCP that was approved by the Minister of the Environment in January 2005.
39. AMO supported the CCP on the understanding that it would:
 1. Ensure that all municipal costs reported through the Datacall were accurate and verified, and legitimately resulting from Blue Box waste diversion, and
 2. Provide encouragement and incentives for both municipalities and stewards to adopt “best practices” that would, over time, increase the efficiency and effectiveness of municipal Blue Box Programs, and minimize increases in their costs.
40. I did not understand the CCP to be a plan to change the 50/50 Blue Box cost split to increase the share paid by municipalities, nor do I believe that municipalities had this understanding. We negotiated specific reductions in payment for specific years prior to 2007, but we never changed the basic principle of the equal cost split of actual costs.
41. I would not have supported the CCP if it had reduced the stewards’ obligation to pay 50% of the net BB program costs as required under the Waste Diversion Act. See the October 13, 2004 letter from AMO to Dennis Darby of SO.

Cost bands

42. One purpose of benchmarking municipalities was to identify those that needed to improve and then to encourage and assist them to do so. This was described in the Blue Box Program Plan, and we described it again in the CCP, and again in the CIF terms of reference.

43. Because of the immense variability of Blue Box programs, it was more reasonable to develop such benchmarks for groups of programs that were somewhat similar, rather than attempting to develop benchmarks for the province as a whole. Benchmarking means comparing to a municipality that is similar in both geography (northern vs. southern, proximity to markets), size (large vs. small) and density (urban vs. rural) and program components (depot vs. curbside). We had to take into account that all municipal programs could not take the same approach. The Blue Box program in Timmins has little or nothing to do with the one in Toronto. And the one in Timmins has little in common with a system operated on a remote First Nations Reserve.
44. We thought that more useful benchmarking information could be gathered by classifying municipalities into cost bands that included similar programs. Although every Blue Box program is unique, we thought the cost bands would better identify programs that needed particular help and encouragement.
45. We called these groupings “cost bands” because we expected the range of cost and practices to vary less within a particular band than across the province as a whole. There were nine cost bands.
46. During our consultation with municipalities about the CCP, we told municipalities how the cost bands would be used. We always said that it was to be used to identify programs that needed assistance and to provide encouragement for them to do so and to identify and reward better performing programs. That was what we believed.
47. No one told municipalities, during the CCP consultation, that the CCP or the cost bands would be used to move away from the 50/50 cost split with stewards.
48. Some municipalities like competing against each other to be the best of their kind. It’s difficult to manage what you can’t measure, and we expected the comparison within each band to stimulate competition for improvement.
49. Municipalities had already agreed that one fifth of the municipal funding, which came from stewards, would be distributed as grants for efficiency and effectiveness improvements through the E&E fund. This reduced the amount that all individual municipalities received for the on-going operation of their existing BB programs, but it created a source of cash for capital improvement grants that we knew many municipalities would need to make step changes in their programs. E&E funding was directed to primary research into better and best practices, knowledge and technology improvements.
50. We planned to use the cost band information, and the best practice information when it became available, to target those grants. Over time, we expected the changes funded by the E&E grants would considerably narrow the gap between the best and worst performing Blue Box programs in each band.

The Payout Model

51. In addition to the carrot of capital grants for improving Blue Box programs, we developed a stick through the payout model, called the Municipal Funding Allocation Model (MFAM). This was the model that was used to distribute the funds provided by stewards among

individual municipalities. There were many ways that these funds could be distributed, and the precise formula was tweaked several times.

52. The ODWO report to the Minister of the Environment, *Achieving Sustainable Municipal Waste Diversion Programs in Ontario*, published in September 2000, recommended that the 50 percent funding obligation should be measured against total municipal net costs, and not against the net costs of each individual municipality. If every municipality received 50 percent of its costs, no matter how it performed, there would not be an incentive for efficient and effective operations.
53. The Payout Model was developed to provide an incentive to municipalities for a higher performance. It was entirely separate from the Pay-In Model, a name we sometimes used for the stewards' obligation, and the discussions around efficiency and effectiveness in that context.
54. I supported the principle that the payout model should reward better performing programs, i.e. give them a higher percentage of their ongoing operation costs, and should direct less money to poorer performing programs. This created an incentive for municipalities to improve their programs but meant we had to support these lower performing municipalities with other funds to improve their programs.
55. Municipalities were anxious to have the stewards' funding distributed fairly and reasonably among the individual municipal programs. In the first few years, there was not enough municipal understanding of the MFAM for them to support how the money was allocated. Another challenge was that high performing programs also felt that they were not being rewarded and that poor performing programs were receiving more than a fair share of the total funding. Municipalities wanted a more objective way of distributing the funds among themselves.
56. The MFAM model was subsequently revised, in an attempt to make it clearer and more predictable for the municipalities so that they could prepare their budgets. MIPC eventually decided to eliminate the original MFAM and replace it with another payout model because it did not achieve its goals.

Best Practices

57. On the "best practices" issue, I always thought that municipal governments, who operate with public money in the public interest, should be responsible and should act as leaders. We knew that many municipal Blue Box programs had room for improvement, both in terms of effectiveness, and efficiency. My municipality, the Regional Municipality of York, was one of many striving to operate our Blue Box programs as well as we could, but we knew that many smaller municipal programs had no dedicated staff and would need encouragement and help to improve.
58. In principle, I agreed that municipalities should, where possible, operate their Blue Box program at "best practices". Municipalities strive to operate at best practices, where possible, in every other field, and there was no reason for them to be different in relation to Blue Box programs.

59. The general definition of “best practices”, is to operate your program in a manner where you are measuring outcomes and comparing to and learning from others to ensure efficient and effective operations. Typically, the analysis is on a unit-based gross cost basis because municipalities are not in control of the revenue side of the equation, which is based on world economic factors. We can only control how we run our operation - i.e. the gross costs.
60. Municipalities and stewards both wanted better tools to identify municipal programs that needed to improve, and to assist and encourage such programs to improve. The CCP was supposed to provide these tools to municipalities by:
1. Clarifying Blue Box best practices, as benchmarks and targets (through the E&E Fund);
 2. Using best practices to identify better and weaker performers among the individual municipal Blue Box programs,
 3. Rewarding the better performers at the expense of the weaker performers, to give individual municipalities a financial incentive to improve (through the payout model), and
 4. Assisting and encouraging weaker performers to improve (through the E&E Fund).
 5. The CCP also assigned responsibilities to stewards and to the Ministry of the Environment. Generally, the Ministry did not fulfill the responsibilities assigned to it under the CCP. Stewards did take some steps, but not nearly as much as municipalities did.
61. At the time we developed the CCP, municipalities had been operating BB programs at their own cost for over a decade and there was no consensus on what Blue Box program “best practices” might be. Every municipality had developed their Blue Box program themselves, seeking to minimize the cost to the taxpayer and fit unique local circumstances. The only thing that were clear was that there was no single one size fits all and taxpayers wanted the lowest cost, most effective, program possible.
62. The concept behind the municipal part of the CCP was that we would develop a consensus with stewards that would define “best practices”. These best practices would set benchmarks for municipal programs to shoot for.
63. The CCP referred to having best practices by 2008. This was very optimistic. We expected that it would take at least three years to implement best practices: Year 1 – develop the standards; year 2 - Educate the municipalities; year 3 – give the municipalities time to implement any changes (assuming their contracts allowed them to make changes in that year); and year 4 - year see results in datacall.
64. No “best practices” were identified until 2007 in the KPMG Report. Education was undertaken in 2007/2008. Implementation could have begun in 2009 if there were no contract impediment or financial impact on municipalities that would require council approval. Changes requiring major capital expenditures or new contracts were likely to take five to ten years to adopt or longer.

KPMG study

65. I was a municipal representative on the team that developed the KPMG report, Blue Box Program Enhancement and Best Practices Assessment Project and Advance Practice System report, completed in 2007. This was a project that WDO commissioned to clarify the best practices that municipalities and stewards should strive for.
66. I was a team member on the KPMG project. I represented AMO and municipal interest in the development of the RFP, on the evaluation team that selected the consultants, and in reviewing interim progress reports from KPMG.
67. The KPMG Report identified eight high level “best practices”:
1. Development and implementation of an up-to-date plan for recycling, as part of an integrated Waste Management system.
 2. Multi municipal planning approach to collection and processing of recyclables
 3. Establishing defined performance measures, including diversion targets, monitoring and a continuous improvement program
 4. Optimization of operations in collections and processing
 5. Training of key program staff in core competencies
 6. Following generally accepted principles for effective procurement and contract management
 7. Appropriately planned, designed, and funded Promotion and Education program
 8. Established and enforced policies that induce waste diversion
68. I supported the KPMG findings and believed that by implementing these particular best practices, municipalities would improve their BB programs. I thought these high level “best practices” were achievable goals for municipalities.
69. However, stewards refused to adopt them as the criteria meeting the CCP requirements. As a result, despite spending over \$1 million dollars to determine what the best the best practices were, stewards remained unsatisfied and it was still unclear to municipalities how they should modify their programs to ensure that they were as efficient and effective as possible.
70. The greatest impediment to municipalities implementing the identified best practices were the challenges with changes to existing contracts and need for additional capital and operating budgets to be approved by local Councils. Most municipal governments have restricted tax increases (i.e. controlling cost increases related to the BB) and do not have additional capital financing to make program improvements. Although it makes business sense to spend money for capital improvements today to save operating costs in the future, the municipality may not have the ability to borrow money to pay for the capital improvements. Secondly if they are part way through a contract with the private sector operator, the operator may not be interested in reducing his fees and profit for the benefit of Stewardship Ontario.

71. It is recognized that private sector BB operators (collection, processing and marketing) have an incentive to operate at best practices to minimize their costs and maximize profits. As 80% of municipal operations are contracted to the private sector it could be argued that 80% of municipalities are operating to industry best practices if the contract was achieved through competitive tendering processes.
72. Virtually all municipalities have invested in BB program improvements since 2005, many through the WDO directed E&E Fund and CIF to move to the identified better and best practices to meet the objectives of the CCP. The CCP stated that “municipalities work, where possible, to operate municipal BB programs at best practices”.

KPMG Cost Model

73. The KPMG team, in cooperation with municipal and steward representatives, developed a computer model for estimating what a theoretical “best practices” program might cost if all programs were able to immediately adopt all the best practices it recommended. This was an estimate for use as a benchmark, based on a large amount of approximation and professional judgment. It was not a precise calculation.
74. The basic features of the model were:
 1. Selecting one program exhibiting good performance in both diversion and cost within each cost band as an analogue,
 2. “Normalizing” data from the analogue program, which meant using professional judgment to adjust the data to take into account major unique factors affecting that particular program, which included increasing the reported program costs of the analogue to the level that would allow a best practice to be implemented (for example, if the analogue municipality was not providing an education program, the cost of a best practice program would be added to the analogue); and
 3. Extrapolating those normalized numbers to all other municipal programs within the same band.
75. Like any other estimate, this was always going to be approximate. It did not examine why other programs were different from the analogue program, or how long it would take the other programs to adopt best practices, or what their individual costs would be if they did.
76. There are many reasons why an individual program might have lower than average costs - reasons that could not readily be matched by a higher cost program. For example, a municipality with an older Blue Box program may already have amortized the costs of its capital assets. A municipality with newer equipment must amortize the costs of its newer assets. Those new assets might be necessary to handle additional tonnage, to handle additional quantities of Blue Box material and/or to do some more effectively. Any municipality that is amortizing capital assets will have higher costs than municipalities that do not.
77. The KPMG model had difficulty dealing with municipalities that had all inclusive pricing from their contractors. In these contracts, a third party processes the materials in exchange for all the revenue derived from selling the recovered materials. Some municipalities

reported a gross processing cost of zero to the Datacall; the various components are not split apart and cannot be statistically analysed.

78. To the surprise of stewards, the 2007 KPMG study showed that municipal Blue Box programs costs would increase if the eight best KPMG best practices were implemented. That is, the actual costs reported by municipal programs were less expensive than if all municipal Blue Box programs did operate at best practices.
79. In 2007, the KPMG best practices model showed that actual reported municipal Blue Box programs costs were less than predicted by the KPMG model. Stewards reluctantly agreed to pay 50 percent of the reported costs for that year and the next.
80. The KPMG estimate for 2006 was a net cost of \$134.1 million (excluding BB container costs) or \$144.9 million (including BB container costs). The total net costs incurred for the year were \$133,047,808, according to the August 1, 2007 letter from WDO. It is more appropriate to compare the actual cost to the \$144.9 Million number because providing a BB container is a best practice.
81. I was not surprised that the total costs actually reported by municipalities were less than the best practices estimate because we knew that all municipalities were not operating to the best practices and we knew that the best practices would increase the cost of program in order to increase diversion which was the other goal of the KPMG report and of the WDA.
82. Stewards never accepted the best practices identified by the KPMG report or the best practices model that we developed. They were initially reluctant to invest the funds necessary for municipalities to improve their practices, although we were later able to do so to some extent through the agreement for the CIF and the Stewardship Ontario's \$9 million Plastic Market Development Fund

Why Have Costs Increased?

83. BB program costs have increased due to the light weighting of materials, more kinds of plastic, complexity of materials including multi-laminate materials, decrease in revenues due to the 2008 recession, and world economics, diminishing value of the newer BB materials. The materials that were originally part of the BB program – such as paper and aluminium – were the more valuable materials. The new materials that have been added are less valuable and may even increase municipal expenses. Municipalities must collect these lower value materials to reach their diversion target although some have delayed accepting, or chosen not to accept, new materials because of the prohibitive cost.
84. The light weighting of plastic containers and newspapers meant that sorting staff physically had to touch and sort more pieces of packaging per tonne to get the same tonne of materials. In some MRFs optical sorting were used, but some are still using people because the capital cost of optical sorters is high and the municipality didn't have the cash, or the ability to borrow money to make the capital investment for new equipment.
85. Plus all the standard reasons why costs go up – cost of living, labour, materials, energy.
86. Also, at the time of the Waste Diversion Organization (OWDO) memorandum of understanding, in 1999, the Minister of Environment wanted 50 percent of waste to be diverted from landfill. By about 2003, she wanted 60 percent diversion of residential waste

from landfill, and later the Ministry of the Environment pushed for 70 percent (for both residential and Industrial Commercial Institutional (ICI) waste) in white papers and discussions although this never became part of the legislation.

87. Only a handful of municipalities have reached the 60% target and many have not yet reached 50% although they have worked hard to meet these targets. The major barriers in reaching the target have been: the cost of increasing diversion and the market for plastics, glass (goes in the garbage if can't sell). An additional challenge is that ICI recycling is sometimes collected and processed alongside residential recyclables making a diversion rate calculation difficult.
88. Everyone knew that increasing waste diversion would increase the costs because the cheapest materials to collect and recycle, aluminum and newspaper in dense southern urban areas, were already being recycled at a high rate. Every other type of waste was always going to be more expensive to divert than those.

Payment Containment

89. Payment containment is not the same as cost containment. Cost containment is about minimizing total costs actually incurred. Payment containment is about changing how total costs are split between stewards and municipalities.
90. I never understood the CCP to include any change in the 50/50 cost split. Stewards frequently claimed that the BBPP and the CCP imposed payment containment, but I don't agree.
91. In the first years of the BB Program, municipalities temporarily agreed to some payment reduction acknowledging inefficiencies in the system and to ensure the success of the WDA and its initiatives. We knew that we had to compromise at that point for the long term success of the WDA and because we were still in the midst of obtaining accurate costs and defining efficient and effective operations through the development of best practices. Any deviation from a 50/50 split of actual net costs vs. a negotiated net cost was on a without prejudice basis that was not intended to impact any future years. I was willing to make compromises to make the whole arrangement work. We were anxious to make the best deal that we could at the table, and trying to find a mutually agreeable solution to advance the objectives of the WDA and the CCP – increase diversion and control costs. The critical key to success in a municipal government is finding a way to make things work and to get along with diverse groups of people. We were committed to finding a solutions and improving the program going forward by implementing innovative funding programs like the E&E Fund, CIF and the stewards' Plastic Market Development Fund.
92. Prior to the WDA municipalities received 0% funding. The Waste Diversion Act was going to be reviewed after five years; the BB Program Plan itself was originally designed for five years. We wanted it to be a success. We needed to make sure that municipalities did get some cash for their Blue Box programs, rather than nothing. We did not want to endanger the continuation of stewards funding.
93. In that spirit, and understanding that some municipalities had room to improve our Blue Box programs, we were willing to make compromises. Municipalities were willing to take less than our true 50 percent for a few years in the beginning as we developed the entire system, defined best practices and worked toward them.

94. SO had four consultants working full time on Blue Box issues, MIPC and related matters, while municipal representatives on MIPC were volunteers with little or no paid support. This gave a potentially unfair advantage to the stewards at the negotiating table because they had more time to comprehensively review all the data. Municipalities had limited analytical capacity in house and often had to rely on the stewards' and WDO's analysis of the data.
95. I started every negotiation by reminding stewards that municipalities were entitled to a full 50 percent of the costs we had actually incurred. We never gave that up for future years.
96. We did get that full 50 percent or close to it in the three years that I led the negotiations, 2007 and 2008. I was not involved in the negotiations after that.
97. To the best of my knowledge, no Minister of Environment ever told AMO that municipalities were no longer entitled to receive a full 50 percent from stewards of the net costs actually incurred to run municipal Blue Box programs.
98. On several occasions after the CCP was approved, I heard Ministers of the Environment speak about the Blue Box program. None of them ever said that the CCP had changed the 50/50 Blue Box cost split to increase the share paid by municipalities as compared to stewards. Rather, what we heard was consideration of increasing the stewards' obligation to 100%.
99. Ministers did express concern about the total cost of the Blue Box programs, and urged both municipalities and stewards to do what they could to keep the cost down. At the same time, Ministers also wanted municipalities to increase waste diversion, which often increases costs.

Continuous Improvement Fund

100. I was the Director of the Continuous Improvement Fund (CIF) from April 2008 until June 2012.
101. The CIF Board of Directors included representation from AMO, Stewardship Ontario and an independent member. The CIF reported to MIPC and its annual allocation of funding and priorities was approved by MIPC and WDO.
102. The Fund's role was to work with municipalities and industry to improve BB programs through new technologies, best practices and advisory and educational services. The CIF was funded by municipalities through the allocation of a portion of the funds paid by the Stewards as required by the WDA.
103. On its website, <http://cif.wdo.ca/about/index.htm> the CIF describes itself as "a catalyst for change which fulfills its mandate by providing funding, technical support and training for municipalities. CIF staff actively engage stakeholders in identifying and developing best practices and technological and market based solutions to challenges associated with the operation of Ontario's Blue Box programs."
104. The CIF received about \$59 million in municipal funds from 2008 to 2012, including \$1,112,947 million that was transferred from the E&E fund.
105. All of the funds provided by the CIF were directed at helping to achieve the objectives of the CCP. Most went to municipal BB programs, to help identify and encourage the adoption of best practices, including the best practices identified by KPMG.

Affidavit of Andrew Campbell, P.Eng.

106. Some funds were used to help SO address its obligations under the CCP such as market development. The CIF and SO partnered in a number of projects to implement new technologies in Ontario, research best practices and provide educational opportunities for municipalities. SO provided financial, administrative and project support on these projects in addition to CIF funds. Stewardship Ontario had more than \$9 million to develop markets in addition to the funding approved under the 50/50 net cost funding required by the WDA.

107. Grants were approved to municipalities or industry through protocols approved by MIPC and the CIF Board of Directors in the annual CIF Operations Plan. All projects greater than \$50,000 were approved by either the CIF Project Committee or CIF Board which included voting members from Stewardship Ontario and AMO. I was responsible for all funding approvals less than \$50,000.

Conclusion

108. I understand that this affidavit is sworn evidence to be offered to a legal tribunal deciding a question of great public importance. I have done my best to make this evidence as accurate and as truthful as I can. I intend to be bound by it.

109. To the best of my knowledge, I do not have any current records of any critical emails that document an agreement that is material to the issues set out in the pleadings.

Sworn or Affirmed before me

On ____, 2014

at the City of ____

in the Province of Ontario

A Commissioner, etc..

WITNESS

Lisa Wooldridge
Lisa Wooldridge
April 8/14

Lockie Davis, Treasurer/CFO,
a Commissioner, etc., for the Corporation of the Town of
Innisfil County of Simcoe.

DATE

April 28 / 14
Innisfil Ontario

LOCKIE DAVIS

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Treasurer/CFO

Andrew Dale Campbell, P.Eng.

Experience

2012 - Current **Town of Innisfil** **Innisfil, ON**

Deputy CAO / Town Engineer

- Member of the Executive Team leading the organization to adapt to growth challenges, Council and community needs.
- Responsible for the operations, budgets, administration, planning and staffing for water services, wastewater services, roads, parks, development engineering and capital engineering.
- Responsible for corporate training and human resource development.
- Responsible for the activities and program delivery of the Human Resources Department.

2008 - 2012 **Association of Municipalities of Ontario** **Barrie, ON**

Director, Continuous Improvement Fund

- Developed the organizational, administrative and operational structure to deliver funding assistance to Ontario municipal blue box programs.
- Developed performance measures and evaluation guidelines to measure municipal effectiveness and efficiency improvements.
- Assists municipalities with understanding business modelling to implement projects that will improve the effectiveness and efficiencies of their programs.
- Current funding to municipalities has increased production capabilities by over 10%, reduced provincial costs by 4% averaging a three year payback on projects.

2000 - 2008 **Regional Municipality of York** **Newmarket, ON**

Director, Waste Management & Administration

- Negotiated contracts worth \$230 million for landfill disposal, \$64 million for waste transfer and \$30 million for organic waste processing.
- Developed a \$38 million waste management centre including a new material recovery centre.
- Negotiated with Stewardship Ontario for blue box program funding worth \$133 million over three years on behalf of all Ontario municipalities.
- Developed the provincial Municipal Performance Measurement Program waste management indicators with the Ontario Ministry of Municipal Affairs and Housing.
- Developed a \$40 million refuse derived fuel palletizing project with the private sector to replace the burning of coal as a fuel and reduce the need for landfill.
- Lead an Individual Environmental Assessment process for residual waste management to construct an energy from waste facility.
- Restructured the administration branch of the Transportation and Works Department to improve service delivery and reduce costs by 10%.
- Lead a corporate review of business support services in the Region to streamline the delivery of financial and technology services to reduce costs and improve customer focus.

1995 – 2000 **Regional Municipality of Waterloo** **Kitchener, ON**

Manager, Engineering and Programs

- Effectively managed staff, contractors and an \$11 million capital and operating budget for the provision of residential waste collection and recycling services to 415,000 residents and for engineering works at two landfill sites.
- Developed the Waterloo Regional Airport Master Plan requiring extensive relationship building with the community.
- Created and implemented the first registered public sector ISO 14001 environmental management system in Canada.
- Negotiated private / public sector partnerships for capital and operating revenue generation.

- Core team member recommending changes to the effectiveness and efficiency of the human resources and financial accounting systems used by the Waterloo Regional Police Services and the Regional Municipality of Waterloo.

1992 – 1995 **Regional Municipality of Waterloo** **Kitchener, ON**
Manager, Landfill Operations

- Increased productivity and the effectiveness of the operations at two landfill sites and six transfer stations through staff reorganization and budget controls.
- Developed landfill gas and leachate collection systems at the Waterloo landfill.
- Developed Total Quality Management training for the engineering department.
- Responsible for an \$8 million annual budget and 55 staff.

1990 – 1992 **Regional Municipality of Waterloo** **Kitchener, ON**
Operations Engineer

- Developed and implemented engineering project design briefs, costing and scheduling systems for construction projects on two landfill sites.
- Developed the Environmental Enforcement Section in the Waste Management Division.
- Established self-directed work teams through a commitment to Total Quality Management principles.

1988 – 1990 **Timbergate Engineering Limited** **Cambridge, ON**
Engineer

- Successfully bid construction projects resulting in \$4 million in contracts annually.
- Supervised staff and construction activities for projects valued up to \$1.5 million each.
- Developed job costing and purchasing systems.

1985 – 1988 **Procter & Gamble Inc.** **Hamilton, ON**
Team Manager

- Supervised twenty-four technicians dedicated to the principles of Total Quality Management.
- Developed and implemented projects that provided an annual savings of \$250,000 on a \$1 million budget.
- The team achieved over 98% run time on the production equipment.

Education

1998 - 2000 **Queen's University** **Kingston, ON**

- Master of Business Administration.
- Emphasis on strategic thinking, global business, innovation and change, leadership.

1985 **Concordia University** **Montreal, PQ**

- Completed three courses for the degree of Master of Engineering (Building)
- Developed a computer aided structural design program for concrete false work.

1980 – 1985 **University of Waterloo** **Waterloo, ON**

- Bachelor of Applied Science, Civil Engineering

Other Professional Development Courses

- Masters Certificate in Municipal Management – York University
- Dale Carnegie
- Environmental Chemistry – University of Toronto.
- Compliance with Environmental Legislation – University of Toronto.
- Solid Waste Management – University of Toronto.

- Certified Landfill Specialist – Solid Waste Association of North America.
- Certified Manager of Transfer Station Operations – Solid Waste Association of North America.

Professional Associations

- Licensed member of Professional Engineers Ontario.
- Member of the American Society of Civil Engineering.